Evaluation of the Feasibility of Relocating the Utah State Prison

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Abstract: The estimated cost to relocate the prison functions from the Draper site and construct comparable prison facilities at another location exceeds the anticipated proceeds from the sale of the real estate by an estimated $372 million. This conclusion is based on:

- *market research analysis of alternative uses of the prison site;*
- *an appraisal of future land-use scenarios;*
- *consideration of full or partial relocation options; and*
- *cost estimates for construction, operation and transition related to each scenario.*

INTRODUCTION

This study was commissioned by the State of Utah to determine the feasibility of relocating the main Utah State Prison from its present location to an alternative site within the state. The prison is located in Draper City at the southern end of Salt Lake County, which is the heart of the Wasatch Front – the most urbanized area of the state. Over the past several decades, growth in the Draper area – and all of southern Salt Lake County – has resulted in urban encroachment around the prison. There has been a great deal of speculation regarding the value of the prison property if put into alternative uses and whether this would be sufficient to offset the costs of building a new facility on a different site. The test of feasibility is a product of the value of the real estate that could be sold after relocation, the impact of relocation on local communities and the estimated cost of rebuilding equivalent facilities. These factors provide the framework for the following report and serve as the basis for the report's findings.

This report summarizes extensive research and analysis performed during third quarter 2005 by a team of real estate, construction and prison planning experts. The complete research and analysis are in Appendices A through E. The reader is referred to the appendices for more detail regarding any specific area of analysis discussed in this document.

Scenarios Evaluated

The report addresses the feasibility of relocating all prison functions from Draper to another location in the state. It also addresses the feasibility of relocating a portion of the prison functions to another location in the state. In the case of a full relocation, a complete, new state-of-the-art facility would be constructed and all prison functions relocated. The scenario for a full relocation assumes moving the prison at its present capacity of approximately 4,000 beds. This allows a clear "apples to apples" comparison. (It would be more economical to assume relocation of the prison with approximately 4,000 beds and the potential to expand to 6,000 beds in the future. This scenario is fully outlined and priced in Appendix A.) Following construction and relocation, the current buildings, structures and improvements would be demolished and the site prepared for marketing as a development site. In the case of a partial relocation, the male medium-security and the minimum-security pre-release functions would be moved to a new facility. Following relocation, the present medium-security facility would

Wikstrom Economic & Planning Consultants, Inc., is a Salt Lake City based economic, planning and real estate advisory services firm. Carter Goble Associates, Inc., provides planning services for correctional facilities worldwide. LECG is an international economics and finance consultancy firm dealing in litigation support. LECG recently acquired J. Phillip Cook and Associates, a Salt Lake City appraisal firm. DMJM is an international construction and engineering firm. DMJM is currently designing the expansion of the Gunnison Prison for the Utah State Department of Corrections.

be remodeled to accommodate the women's facility, the substance-abuse-intensive-treatment and the forensic-mental-health in-patient diagnostics, treatment and management facilities. Following the remodel and relocation, the now-empty facilities on the northeast side of the site would be demolished, leaving a reduced prison operation on the southwest. The 483 empty acres would then be prepared for sale as a development site.

EXECUTIVE SUMMARY

The analysis is summarized in Tables EX-1 and EX-2. These include all elements of the study and are grouped by potential revenues/benefits and estimated costs related to relocation. All estimates are based on 2005 present-value dollars and are based on the consultant's experience with Utah construction costs, real estate market values and trends and the prison planning and construction industry.

The information in the tables indicates that the substantial costs of relocating the Draper facilities — about $461 million — are not recoverable through the sale of the roughly 670 acres of land that the State of Utah could dispose of upon the prison's closure and relocation. The additional benefits of returning the land to private development and "back onto the tax rolls" will not be sufficient to close the gap. Appraised value ranges from $51 million to $93 million. This range exists because the consultant team approached the appraisal question from a number of perspectives. First, because the owner is a public agency with a very low cost of capital, the team has taken two approaches: the *market value* essentially assumes the state sells to a private developer and uses costs of capital available to the private sector; the *investment value* assumes the public sector (the state) is the investor and uses the state's more beneficial cost of capital.

In addition, two different development scenarios have been used. The first assumes that the land is sold as residential land which is its current highest and best use. The second takes a longer-term view that is more reflective of the desires of Draper City for a mixed-use employment center on the site.

Finally, the team was asked to review the potential of moving only a *portion* of the Draper prison functions to another location, selling the excess real estate and thereby maintaining some operations at Draper while realizing the benefits of releasing certain areas of the Draper campus for private use. This is referred to in the Tables as the "Partial Relocation" option.

Table EX-1: Executive Summary Feasibility Summary – Full Relocation

	Highest and Best Use		Mixed Use	
	Market	**Investment**	**Market**	**Investment**
Appraised Value	$72,000,000	$93,000,000	$51,000,000	$77,000,000
Plus Value of Water Shares	$1,800,000	$1,800,000	$1,800,000	$1,800,000
Plus Benefit to Draper	$13,600,000	$13,600,000	$13,600,000	$13,600,000
Subtotal	$87,400,000	$108,400,000	$66,400,000	$92,400,000
Costs				
Construction	$421,800,000	$421,800,000	$421,800,000	$421,800,000
Demolition	$6,600,000	$6,600,000	$6,600,000	$6,600,000
Transition	$900,000	$900,000	$900,000	$900,000
Operating				
Transportation	$10,700,000	$10,700,000	$10,700,000	$10,700,000
Staff Relocation	$330,000	$330,000	$330,000	$330,000
Recruitment/Training	$11,200,000	$11,200,000	$11,200,000	$11,200,000
Site Acquisition	$2,000,000	$2,000,000	$2,000,000	$2,000,000
Repayment of ESCO Debt	$7,500,000	$7,500,000	$7,500,000	$7,500,000
Cost Subtotal	$461,030,000	$461,030,000	$461,030,000	$461,030,000
Net (Cost) Gain to State	($373,630,000)	($352,630,000)	($394,630,000)	($368,630,000)
Average (Cost) Gain to State (rounded)				($372,000,000)

Note: Moderate cost estimates from the ranges provided in Appendix E were used to minimize the number of iterations of this summary. The costs could vary from $5 million less to $54 million more than the "moderate" estimate. In the full report, the site and operating costs vary by site, but averages are used in this executive summary

Under none of the approaches or the full or partial relocation options does the proposal generate sufficient revenues to cover the costs of moving all or a portion of the prison functions.

The study also evaluates the fiscal impacts to Draper City of having the full or partial prison property returned to private use. Under the mixed-use development scenario, the city would realize nearly $1 million annually (after the project was fully built out) in net tax revenues if the prison were totally relocated. Under the partial relocation option, Draper is projected to receive about $245,000 in annual net revenues.

Should the state decide to move the prison, a preliminary evaluation of alternative sites identified areas in Box Elder, Juab and Tooele Counties that would provide reasonable alternatives for a full replacement of the Draper facilities. Partial relocation of prison functions could be reasonably accommodated in areas of Iron and Carbon Counties. The full-relocation sites could also be considered. These areas would require additional study.

There are additional costs related to the relocation of the prison that have been identified in the analysis. New facility designs can have the potential to provide staffing efficiencies over older facility designs that result in operating cost savings. The consultants examined this potential, but found that significant staff reductions are not likely as the UDOC staffing at the Draper complex is extremely efficient as is. Other operational costs such as transportation costs, staff recruitment and training, staff relocation and transition costs are addressed in detail in the study.

Expenses related to retirement of debt for the energy system have been taken into account. Costs for replacement of unrelated facilities (Surplus Property, Forestry/Fire and Juvenile Justice Services) have not been provided for in the analysis.

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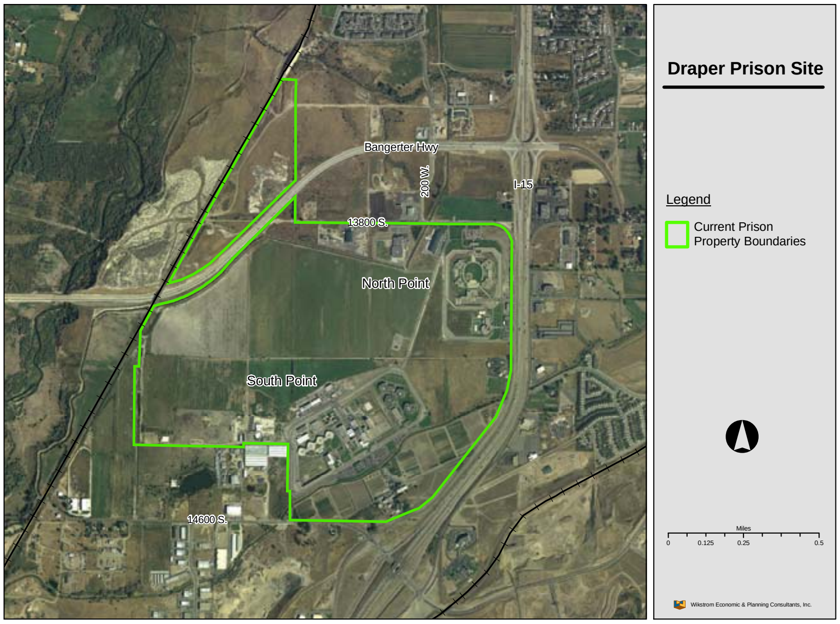
While the value of the prison property does not support full or partial relocation of the Draper prison functions, the unused portion should not be left idle or simply sold as surplus property. The remaining property is a valuable asset of the state that the consultants recommend be the subject of a strategic planning effort to map its long-term use. This analysis has determined that Department of Corrections facility requirements on the Draper site including future growth will likely never need more than about 300 to 350 of the roughly 670 acres, but these needs will require further refinement now that the feasibility of relocation of the prison has been addressed. The future Department of Corrections needs and remaining land should be jointly planned for long-term state use – for state facilities or other uses such as a technology center as envisioned in the Governor's economic development planning.

Table EX-2: Feasibility Summary – Partial Relocation/Mixed-Use Scenario

	Investment Value	Market Value
Appraised Value	$49,000,000	$34,000,000
Plus Benefit to Draper (20-year NPV)	$3,500,000	$3,500,000
Subtotal	$52,500,000	$37,500,000
Costs		
Construction	$128,000,000	$128,000,000
Demolition	$1,700,000	$1,700,000
Transition	$730,000	$730,000
Operating		
Staff Relocation	$100,000	$100,000
Recruitment/Training	$4,700,000	$4,700,000
Site Acquisition	$680,000	$680,000
Cost Subtotal	$135,910,000	$135,910,000
Net (Cost) Gain to State	($83,410,000)	($98,410,000)
Average (Cost) Gain to State (rounded)		($91,000,000)

Figure 1: Aerial view of Draper facility



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SECTION 1: MAJOR ELEMENTS OF FEASIBILITY — CAPITAL COST, LAND AND ECONOMIC BENEFITS

ORGANIZATION OF REPORT

This report is divided into four sections. The first sets forth the major elements of the evaluation of feasibility: the costs of building a new prison, the appraised value of the land that could be sold and the anticipated benefits to Draper City of having the land returned to private use. Also included in this section is the market and planning research that was used to inform the appraisal process.

The second section evaluates potential prison sites for full or partial relocation options. Potential sites are considered on the basis of existing community resources, available infrastructure, suitability of available land, and community impacts. This portion of the report is concluded with an estimate of potential impacts to communities that may host a prison in the future.

Operational and site costs associated with relocation of prison functions in full or in part are discussed in the third section of the study.

Final findings and conclusions summarize the principle issues outlined in each of the major sections of the report and provide an evaluation of feasibility.

CONSTRUCTION COSTS OF RELOCATION

Construction of the Draper facility began in 1948. Many of the facilities have been constructed over the intervening years — several in the 1980s. It now contains 1,093,893 square feet of special-purpose building improvements and various site improvements including asphalt, concrete, landscaping, lighting, fencing and security. The estimated capital costs for constructing and equipping a replacement of the Draper prison are substantial.

All estimates in this analysis are based on 2005 present-value dollars and are based on the consultant's experience with Utah construction costs as well as recent, comparable prison construction projects elsewhere in the U.S. mainland.

Table 1: Construction Cost - Full Relocation

Cost Level	Total Cost (2005)
Moderate	$421,800,000
Low	$416,800,000
High	$475,000,000

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In order to estimate the probable size and cost magnitude of constructing a "New Draper Complex," a computation of the August 2005 actual total bed capacity of all Draper facilities by physical security level, gender and custody/classification assignments was made from data provided by the Utah Department of Corrections ("UDOC"). Additionally the *Adult Corrections Needs Assessment* completed by Carter Goble Associates ("CGA") in 1995 was also reviewed since that study conducted a more in-depth assessment of the capacity ratings by American Corrections Association standards and conditions of each UDOC facility. Up-to-date existing building space gross square footage for Draper was also provided by the UDOC for all buildings at the complex. Table 2 provides a listing of the facilities currently located at Draper.

The costing model assumes seven new correctional facilities, plus a number of centralized support functions or services (see Table 3). These facilities would be collocated inside a single-perimeter security system similar to the existing Draper complex. While the total number of beds to be replaced remains 3,968, there are some variations in the distribution of beds for the proposed replacement facilities. These variations result from standard corrections planning and population management related to the need for special management, infirmary and mental health in-patient beds.

Table 2: Total Beds to Replace by Facility, Location and

FACILITY AND CLASSIFICATION	UDOC 2005 TOTAL BEDS
Wasatch – Medium/Diagnostic/Infirmary – South Pt.	900
Uinta – Maximum/Special Management – South Pt.	794
Oquirrh – Medium/Minimum – South Pt.	828
Timpanogos – Female All-Custody – North Pt. (143 males temporary)	569
Olympus – Forensic Mental Health – North Pt.	177
Promontory – Med/Min Substance Abuse THC – North Pt.	400
Lone Peak – Minimum Work Release/Re-entry – North Pt.	300
Complex Total	**3,968**

Source: UDOC

Table 3: New Prison Facilities

Male Maximum Security Unit	672
Central Clinic and Infirmary	48
Male Medium and Intake Reception/Orientation Unit	936
Male Medium Security Unit	870
Forensic Mental Health Unit	212
Women's All-custody Unit	426
Male Minimum/Medium Substance Abuse Unit	402
Male Minimum Work Release/Re-entry Unit	402
Total	3,968

New Central Support Facilities

Complex Administration & Visit Center
Central Kitchen
Industries Center

Source: Carter Goble and Associates, Inc.

The cost estimates are derived from computations using size and component-cost estimators and the following approach:

- define each facility by general mission/function;
- assign bed counts by custody and security type for housing;
- define centralized-support services and functions to serve all facilities;
- apply building gross square footage per bed estimators applicable to each housing type, each facility's internal support core spaces and the proposed centralized support services and functions to derive a total facility size;
- apply construction cost per square foot estimators for 2005 present values; and
- add project/soft costs estimators to derive a total construction cost estimate.

Since this analysis is being done at a limited macro level without the benefit of any architectural space programming or preliminary design development for a specific site, the estimates must be considered preliminary and "likely order of magnitude" in nature rather than precise. Consequently, a series of estimates were developed to provide a high, medium and low range of estimates.

The complete analysis, methodology and data used to develop the cost estimates are included as Appendix A.

For those readers not familiar with the common size requirements of contemporary prisons Appendix A includes a summary of 20 different exemplary prisons by type and size with square footage per bed and whether or not expansion capacity was built during the initial construction.

The estimate is for construction-related costs only and does not represent what might be the State's actual future cost. There will be additional costs such as future years' construction-cost inflation (which have been very high in recent years), costs related to site-specific conditions and the possibility of extraordinary environmental-conditions mitigation. Such costs can only be accurately estimated with detailed investigations of a specific site and the development of a schematic design for that site. It would be more practical to assume relocation of the prison with approximately 4,000 beds and the potential to expand to 6,000 beds in the future because of economies of scale related to construction of the core facilities (including such structures as the kitchen and the industry building). This scenario is outlined and priced in Appendix A.

Partial Relocation Costs

Under a partial relocation scenario, a new 1,052 bed medium security facility and a 402 bed pre-release facility would be built allowing the current North Point functions to move to the vacated space. The Draper South Point facility would be remodeled for 1,052 beds for the forensic-mental-health unit, women's unit and substance-abuse-therapeutic community. The remaining existing beds would not require additional investment above planned expenditures.

Low, high and moderate costs were developed to construct new facilities at another location. UDOC proposes a relatively limited remodel at the South Point facility to accommodate the North Point functions. The North Point facility would then be demolished and prepared as a development site.

Table 4: Construction Cost—Partial Relocation

Cost Level	Total Cost (2005)
Moderate	$128,000,000
Low	$119,100,000
High	$131,500,000

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APPRAISED VALUE OF PRISON SITE

Appraising the prison site is more complicated than a traditional property appraisal. First, in the absence of existing public policy direction for land use in the area, values have been prepared for a number of alternative development scenarios. Second, timing of the delivery of the property to market is impacted by a number of uncontrollable or uncertain events. Third, consultants have been asked to address both market value and investment value for each scenario. Fourth, values are further refined to reflect both full and partial relocation scenarios.

Value is generally determined based on development opportunities at the property and the investor's cost of capital. Development opportunities are established through what the local government will allow to be developed on the site based on land-use laws and policies (the general plan and zoning) and demand in the market. The prison site is unique because there are no local policies or laws currently established for the site, given its long public ownership and institutional use as a prison. Therefore, the consultants relied on interviews with local government officials regarding the desired direction for future development of the property and an evaluation of current and prospective market conditions to establish potential development scenarios for the state-owned land. Detailed market research was used to prepare alternative land use scenarios as part of the appraisal process — a situation not typically addressed as part of an appraisal process. A full discussion of the scenarios is provided following this section.

It is not uncommon to assume that future land use may differ from the present if current zoning or use is inconsistent with market demand. Therefore shift of use from prison to other uses is not an unusual or extraordinary condition. The timing related to the transition of uses will create a somewhat extraordinary condition for a market transaction for the entire site because it may take up to seven years to build a replacement facility, relocate the prison functions and demolish the existing facilities. The seven-year timeframe assumes that all administrative and legislative approval processes work seamlessly.

This study uses two approaches to value: the *market value* essentially assumes the state sells to a private developer and uses costs of capital available to the private sector and the *investment value* which in this case assumes the public sector (the state) is the investor and uses the state's cost of capital.

Summary

LECG performed a complete appraisal of the prison site. (See Appendix B.) The appraisers were asked to evaluate the "highest and best use" of the land, which is essentially housing, as well as a scenario that reflects the community's objective of an employment center with only ancillary housing. The values are as follows:

Table 5: Summary of Value Estimates

Valuation Scenario	Market Value	Investment Value
Highest & Best Use (residential development)	$72,000,000	$93,000,000
Full Relocation (mixed-use development)	$51,000,000	$77,000,000
Partial Relocation (mixed-use development)	$34,000,000	$49,000,000

Source: LECG

Just on the basis of the capital cost and appraised values, the economic feasibility of relocating the prison seems doubtful at best.

Appraisal Methodology

Only a land valuation is made. This is accomplished using a discounted cash flow methodology that incorporates a sales comparison approach to value the land under the assumption of marketing in multiple development pods of 50 acres. Also taken into account are the cost of spine infrastructure and other costs incurred in taking the property to the status necessary to market as development pods. Net cash flows are then discounted to present worth using an appropriate discount rate.

The appraisal takes two approaches in the valuation of the prison property: market value and investment value. These are specifically defined terms in the appraisal industry as follows:

> ***Market Value*** is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:
>
> - Buyer and seller are typically motivated;
> - Both parties are well-informed or well-advised and each acting in what they consider their own best interest;
> - A reasonable time is allowed for exposure in the open market;
> - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangement comparable thereto; and
> - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
>
> Market value also assumes a discount rate of 12 percent which is market supported.
>
> ***Investment value*** is defined as: "The specific value of an investment to a particular investor or class of investors based on individual investment requirements; as distinguished from market value, which is impersonal and detached." In this appraisal, investment value is specific to the State of Utah. The State of Utah has a AAA Bond Rating. The current 10-year bond rate for AAA-rated borrowers as of September 14, 2005 is 3.65 percent. This is the State's assumed cost of capital and is assumed to be accurate.

The market would quickly absorb this acreage at relatively high prices for near-term residential development in the event of a full relocation of the prison.

That is why it has been identified as the "highest and best use." However, residential housing alone, while potentially maximizing present value, does not maximize community benefits or the long-term potential of the property. That is why the alternative scenario was developed.

Two valuation premises are considered, involving a full and partial relocation of the prison facility, respectively.

The value estimates assume that:

- Necessary zoning and entitlements would have been secured for the property at the time of valuation;
- A grade-separated interchange will have been provided at Bangerter Highway and 13800 South at no cost to the project;
- No buildings on the site; and
- No cost to retire debt associated with the financing for energy improvements or the lease revenue bond that financed the surplus property facility. (See discussion below.)

These values do not include the value of water (including the geothermal pools) associated with the site that total an additional $1.8 million.

Demolition Costs

The value that would be recovered by the state would be offset by the cost of demolishing the existing improvements on the site. The structures are primarily steel and concrete. The preliminary estimate of demolition and clearing of the entire site is $6,600,000. Under the partial relocation scenario, the cost of demolition is estimated to be $1,700,000.

CONCEPTUAL DEVELOPMENT PROGRAM

Summary

A full economic and market analysis of the nation, state and surrounding area was conducted and is included in this report as Appendix C. The market study looks at various factors to determine the most likely development program to occur on the site given current economic and employment conditions. The market study area includes the jurisdictions of Bluffdale, Draper, Herriman, Lehi, Riverton, Sandy, South Jordan and West Jordan. Given current economic trends and market demand, the land would be most marketable in the shortest timeframe as primarily residential property (mostly single family with some limited multifamily) and a small portion of retail space near the freeway interchange. If, however, the planning objectives provided by Draper City are implemented through its planning process, a much reduced amount of single and multi-family residential with substantial amounts of light industrial, office, and retail uses would be reasonable in the event of a full relocation. Only multi-family, industrial and office uses would occur in the event of a partial relocation.

There are a number of factors which are taken into consideration in developing both the full and partial property development programs. These include existing and planned infrastructure improvements; national, statewide and area economic forces; current and anticipated development patterns in the area; and compatibility with the prison (for the partial relocation option).

Existing and Planned Infrastructure Improvements

The site has immediate access to Interstate-15 and Bangerter Highway. The area surrounding the site includes two existing interchanges for I-15 – Bangerter Highway and 14600 South. There is currently one access point from the property onto Bangerter Highway. Proposed improvements include a second Bangerter Highway access at 13800 South and a commuter rail station on or immediately adjacent to the site. The proposed improvements are conceptual at this point. In the case of the commuter rail station, identification of the final location will follow completion of the environmental and design processes. Currently there is not public funding for the 13800 South access to Bangerter Highway, funding is assumed for construction of the grade-separated intersection in the event that it is built in association with this development program.

Economic Forces

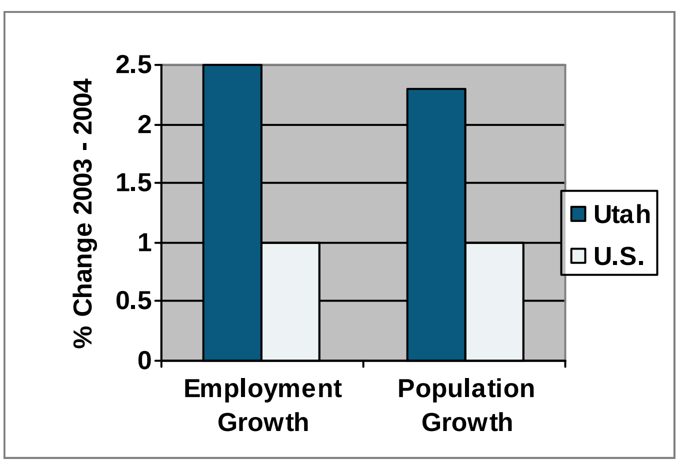
Statewide job growth during 2004 was stronger than job growth in the nation as a whole. Utah job growth was 2.5 percent whereas nationally jobs grew at just 1.0 percent. The strongest sectors showing growth in Utah were construction at 5.6 percent, professional and business services at 5.2 percent, and education and health services at 3.2 percent. Employment in the professional and business services and education and health services sectors is more highly represented in the study area than in the state as a whole. Employment growth is expected to continue through 2005 and the near term at approximately the same rate experienced in 2004.

Population growth in Utah is also higher than the national average. Utah's population grew at 2.3 percent during 2004. Two of the fastest growing communities in the state for the period 2002-2003 were Herriman at 34.7 percent and Bluffdale at 16.6 percent. Both are part of the market study area. Utah's population is expected to continue to grow as a result of natural population growth and net in-migration.

At the same time that population and employment have been expanding, Utah's wages have been increasing. Growth in non-agricultural wages for 2004 was 2.6 percent, just above the national average of 2.3 percent. Although this is an improvement over the 2003 growth in wages of 1.7 percent it is still low relative to historic wage growth.

Current and Anticipated Development Patterns

The prison site is in the fast developing southern Salt Lake/northern Utah County area of the State. The City of Draper would prefer redevelopment of the prison site as a mixed-use area including commercial, office and industrial development. **Note:**



Draper further indicated that they would only consider residential uses at the prison site in the event that commercial, office and industrial uses were proven unachievable. In the near term, the market for residential uses is the most strong. Over the long term, and with active promotion from Draper City and the Governor's Office of Economic Development, a mixed-use development could be successful.

Single-Family Residential

Data in the study area reflect strong performance in the single-family home entry-level market with 32 percent of new homes selling in the $150,000 to $174,999 range and 93 percent of new homes selling for under $300,000. Existing homes in the study area are reselling with the largest percentage (17 percent) in the $150,000 to $174,999 range and 69 percent selling for under $300,000. This would indicate that the strongest performance in housing sales at the prison site can be expected from subdivisions showing similar characteristics to this market. This market has dominated the west side of the Salt Lake Valley. It has also become the predominant market of the recent past as the "move up" market was nearly fully absorbed with the initial drop in interest rates in the mid to late 1990s. There is a mid- to upper-range priced housing project placed directly west of the prison on 14600 South that has been relatively successful. This suggests that, if properly planned and executed, the prison property could contain a mix of single-family housing types. However, the proximity to the freeway and the preponderance of demand in the area indicates that the bulk of the housing would be in the entry-level price range.

Absorption rates for single-family homes have been increasing in the study area over the last several years, reflecting development patterns oriented towards the southern end of the Salt Lake Valley. The study area absorbed an annual average of 2,372 single-family units over the last three years. The full relocation development program assumes the site will capture three percent of the single-family market in the study area annually which is approximately six units per month. The partial relocation development program does not include single-family residential development. The proximity of the remaining prison facility makes this type of development unlikely.

Attached Single-Family Residential

A sub-set of the single-family residential market is attached single-family homes/condominiums. Historically this has been a relatively small market in the study area. In 2004 the study area absorbed 438 attached single-family residential units compared to 389 in 2003 and 460 in 2002. Demand for attached single-family housing is expected to increase as the area becomes more built out and interest rates rise. Attached single-family units are included in the numbers discussed above.

Apartments

Vacancy rates in the apartment market of Salt Lake County, including the study area, peaked in January 2003 at 10.9 percent. Apartment vacancy in southern Salt Lake County was even higher at 11.7 percent. Prior to January 2003 southern Salt Lake County vacancy rates were higher than the county as a whole. Since then they have been, on average, lower. In June 2005 the Salt Lake County vacancy rate was 7.3 percent; while at the same time the rate for south Salt Lake County was 6.9 percent.

Average rents in the southern end of Salt Lake County have remained relatively steady over the last five years. As vacancy rates continue to drop however, rents will most likely increase.

According to data from local brokers, an average of 734 apartment units in large developments (over 40 units) have been constructed per year from mid-year 2002 to mid-year 2004 in the south end of Salt Lake County (the area south of 6200 South). If Salt Lake County's average vacancy rate of 9.1 percent (mid-year 2002 – mid-year 2005) were applied to this total, the estimated number of new units rented per year would be about 670. If the prison site were to capture 30 percent of this average, roughly 200 units could be rented per year. Under the full relocation scenario, this represents an absorption period of about 11 years.

Retail

The amount of new retail space a given location can expect to attract and support is a result of the buying power of existing and anticipated households with reductions for existing and anticipated retail outlets competing for that buying power. Retail space is typically broken down into three types – neighborhood, community and regional. Neighborhood retail attracts the buying power of the nearest households, community retail draws from multiple neighborhoods and regional retail attracts the buying power of a much larger area.

The proposed development program and existing neighborhoods in the region can support the amounts of retail outlined in Table 6. Each retail category is then adjusted by the amount of new and planned retail square footage in the area. (See Table 7.)

Table 6: Supportable Retail Space, Prison Site and Surrounding Area

	Neighborhood Retail Square Feet	Community Retail Square Feet	Regional Retail Square Feet
Building & Garden	46,000	122,000	175,000
General Merchandise	168,000	572,000	540,000
Food Stores	33,000	-28,000	-7,000
Motor Vehicle Dealers	45,000	112,000	-67,000
Apparel & Accessory	12,000	15,000	31,000
Furniture	24,000	71,000	85,000
Eating Places	42,000	86,000	68,000
Miscellaneous Retail	52,000	131,000	158,000
Totals	422,000	1,081,000	983,000

Source: Wikstrom Economic & Planning Consultants, Inc.

Table 7: Adjusted Supportable Retail Space, Prison Site and Surrounding Area

	Neighborhood Retail Square Feet	Community Retail Square Feet	Regional Retail Square Feet
Totals	422,000	1,081,000	983,000
Less major new or planned	-377,000	-1060,000	-1,510,000
Adjusted Total	45,000	21,000	-527,000

Source: Wikstrom Economic & Planning Consultants, Inc.

Opportunities for retail development at the prison site are limited. Eliminating residential development from the development program would further limit retail opportunities at the site.

Office

Vacancy rates in the Salt Lake County office market declined to 13.7 percent in the second quarter of 2005 from a 2004 vacancy rate of 15.3 percent. Vacancy rates in the southeast and southwest areas of Salt Lake County are lower at 6.5 percent and 7.4 percent respectively. Note that the southwest area of the county has a limited amount of office space. These areas follow the county-wide trend of declining vacancy rates and increased absorption in Class A and B office space. Class C office space shows increasing vacancy rates most likely as a result of opportunities for businesses to access Class A and B space at lower rents.

The average annual absorption of new office space in Salt Lake County over the past five years has been 1,041,914 square feet. This absorption rate is expected to remain stable over the near term. The full relocation development program assumes an office space annual capture rate of 38 percent. The partial relocation development program assumes an office space annual capture rate of 34 percent. The capture rates for office are aggressive based on the assumption that Draper City and the Governor's Office of Economic Development will lend its endorsement and active support to generating interest in the site.

Industrial

Vacancy rates in the Salt Lake County industrial space market decreased to 7.6 percent in the first half of 2005 from 8.5 percent in 2004 and 10.5 percent in 2003. However, vacancy rates in the study area are appreciably higher at 29 percent. This area is not in the high-traffic industrial corridors of the valley such as the SR201 corridor or other major distribution centers. County-wide there are 562,137 square feet of industrial space under construction, with an average annual absorption rate of 769,708 square feet annually over the last five years. The full relocation development program assumes a 14 percent annual capture rate for industrial space at the prison site. The partial relocation development program assumes a 13 percent annual capture rate. As with the office space capture rates, the industrial capture rates assume that Draper City and the Governor's Office of Economic Development will lend its endorsement and active support to generating interest in the site.

Governor's Economic Development Initiative

A key component of Governor Huntsman's 10-Point Plan for Economic Revitalization is to actively market areas of the state to target industries in order to increase employment opportunities in high wage sectors. This site is an ideal location for a technology center. Redevelopment of the prison site as a location for one or more of these target industries would enhance the absorption rates anticipated in the development program.

Development Program — Full Relocation

The development scenario for the "highest and best use" is outlined in Table 8. The current market supports primarily residential development with ancillary retail uses.

Table 8: Development Program for Highest and Best Use

Land Use	Units	Square Feet	Gross Acreage
Single-family	2,500		416
Multifamily-16	3,000		183
Regional retail		150,000	24
Trunk road system			47
Total	**5,500**	**150,000**	**670**

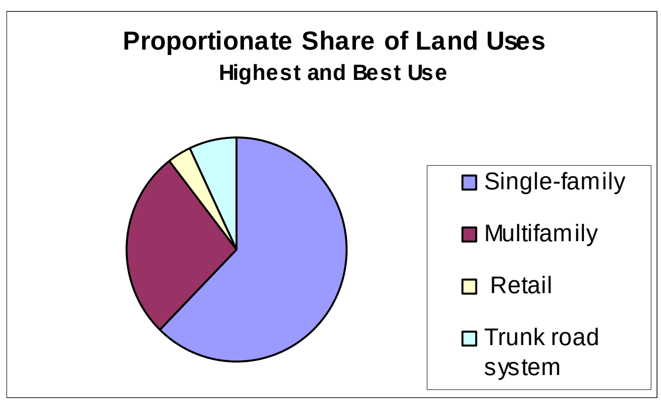


Figure 2: Full Relocation Mixed-Use Development Scenario

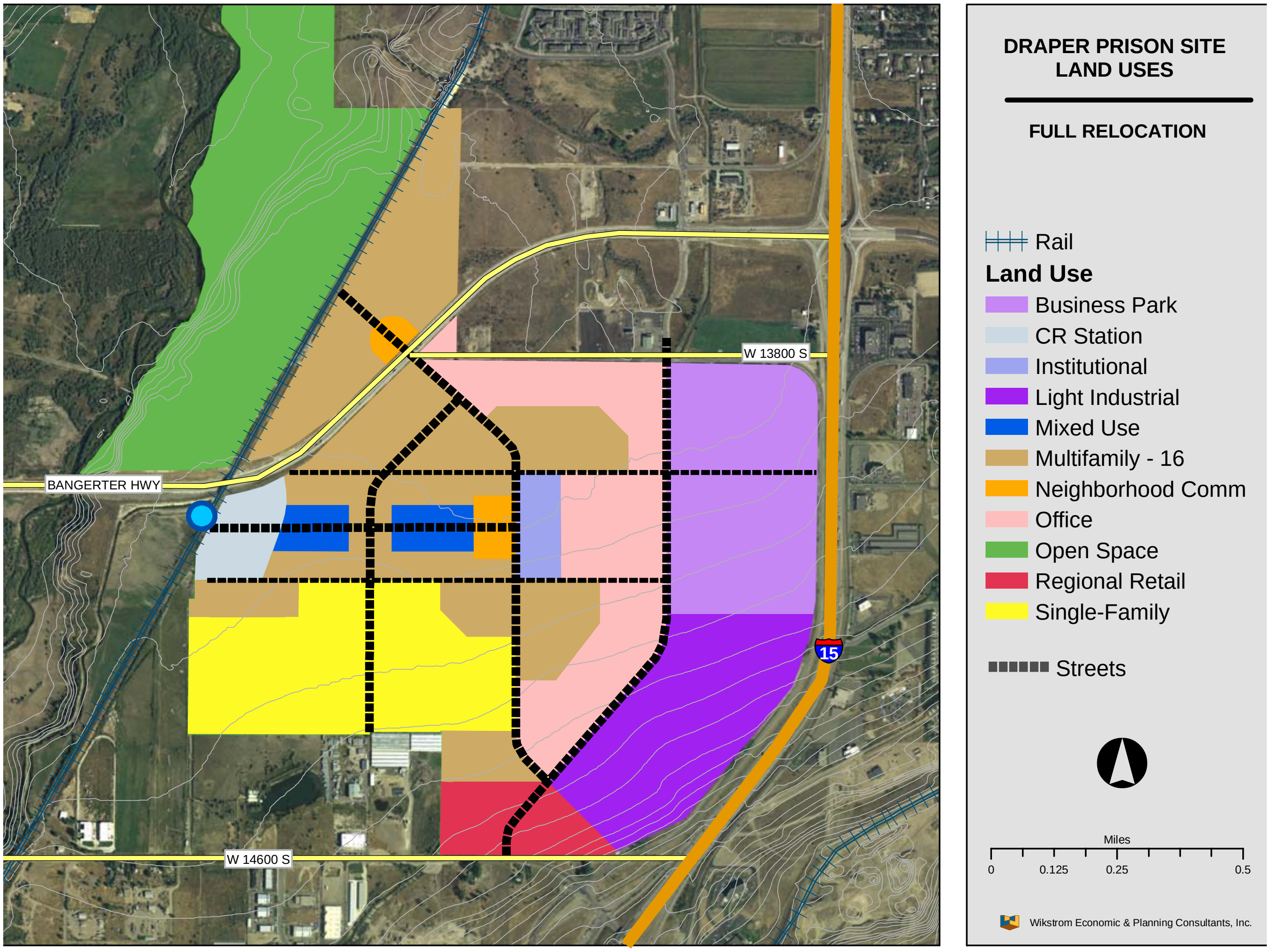
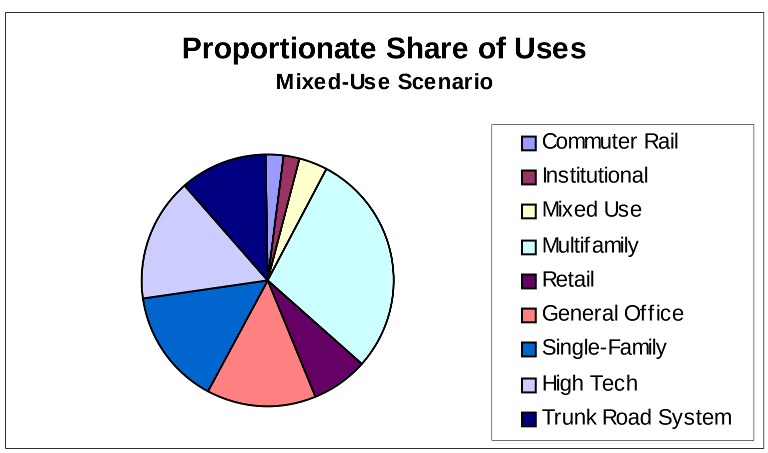


Table 9: Mixed-Use Development Program For Full Relocation

Land Use	Units	Square Feet	Gross Acreage
Commuter Rail Station			14
Institutional			14
Mixed Use	150	120,000	21
Multifamily – 16	3,000		176
Neighborhood Retail		85,000	14
General Office		1,100,000	85
Regional Retail		175,000	28
Single-family	550		92
Light Industrial/ Business Park		2,000,000	156
Trunk Road System			70
Total	**3,700**	**3,480,000**	**670**



Alternatively, if the planning objectives of Draper City are met, the development program illustrated in Figure 2 represents a reasonable development program for the site. This scenario is summarized in Table 9.

Development Program — Partial Relocation

The partial relocation development program is based on the assumption that 190 acres of the site will be retained by the State of Utah for prison operations which would remain in Draper. This results in the uses outlined in Table 10.

Table 10: Development Program For Partial Relocation

Land Use	Units	Square Feet	Gross Acreage
Commuter Rail Station		n/a	15
Light Industrial		1,500,000	104
Multifamily – 16	1,300		82
Neighborhood Retail		50,000	8
General Office		1,500,000	134
Business Park		1,000,000	97
Trunk Road System			40
Subtotal			**480**
Prison		n/a	190
Total	**1,300**	**4,050,000**	**670**

Figure 3: Partial Relocation Development Scenario

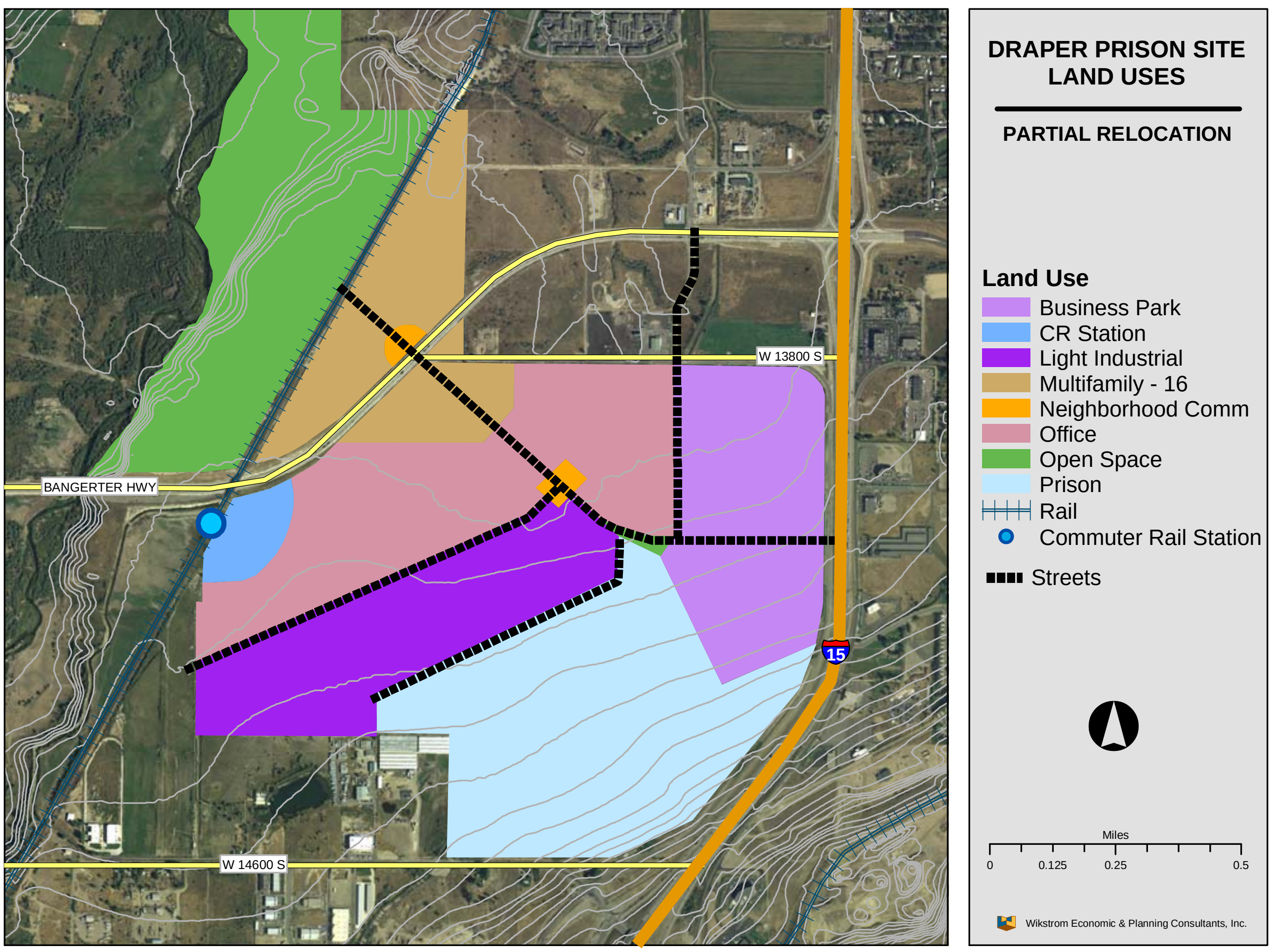
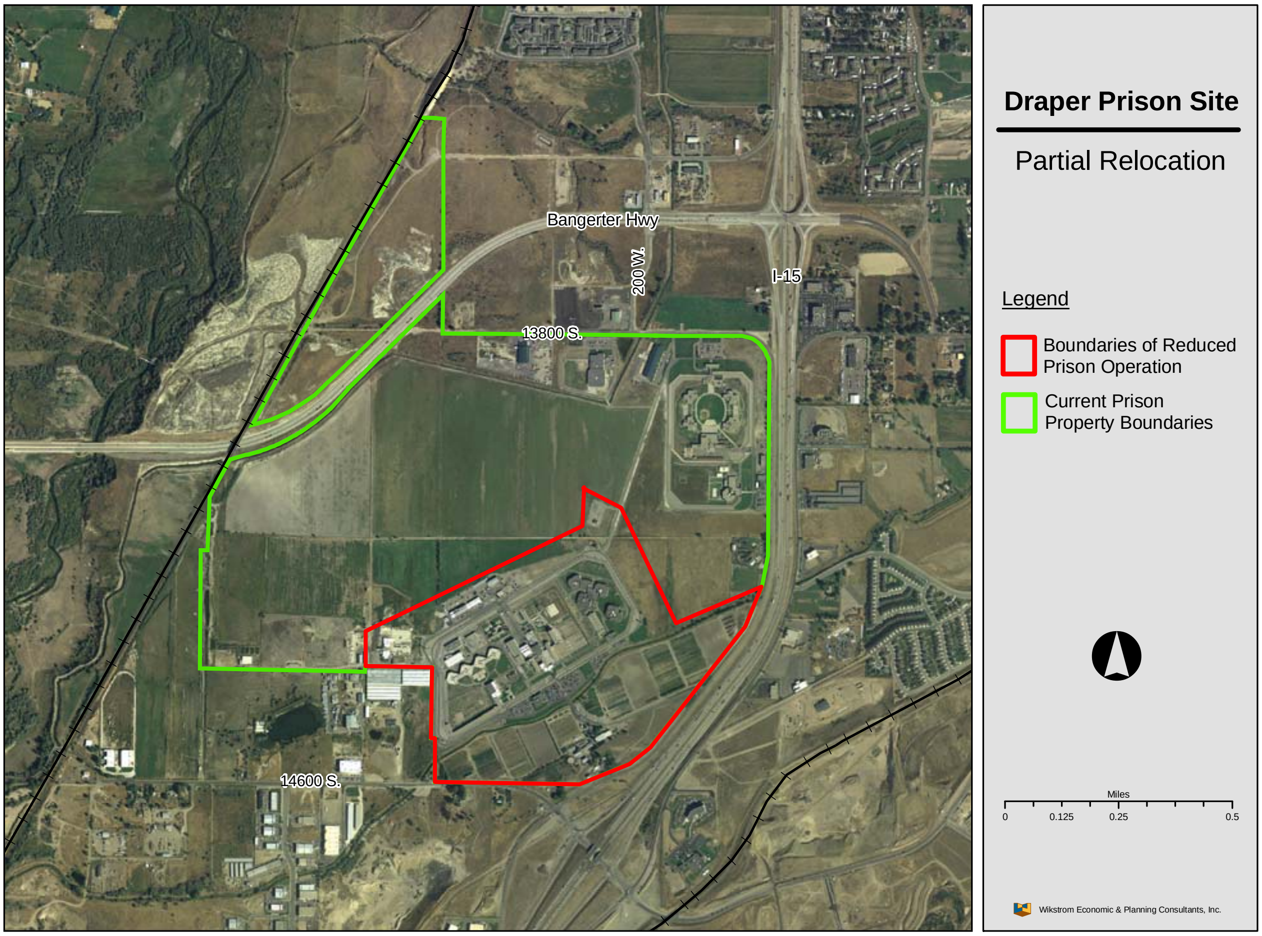


Figure 4: Area Remaining in Prison Use—Partial Relocation Option



IMPACT OF RELOCATION ON DRAPER

The City of Draper currently receives about $100,000 from the 670-acre prison site. Conversely, it provides limited services and incurs no expenditures at the location. Following relocation and redevelopment, the property would be returned to the tax rolls and would generate revenue for Draper. The City of Draper would also have an obligation to provide services to the new residents and businesses at the site thereby incurring expenditures as well.

An analysis of the expected revenues and projected expenditures under both the full and partial relocation development programs was completed as part of this feasibility analysis. The complete fiscal impact report is included as Appendix D.

In the event of a full relocation of the prison, and future use of the property as primarily residential development (the "highest and best use" scenario) the City of Draper could expect a **net** increase in ongoing annual revenues of approximately $150,000. (This reflects increases in tax revenues offset by increased costs of providing municipal services to the area after it is fully developed.) If the future use is generally a technology and business park with associated retail and residential development (the *mixed-use scenario*), the anticipated annual net revenues to Draper are approximately $970,000 .

Under the partial relocation option (which only occurs under the *mixed-use scenario*), the City of Draper is expected to experience annual net revenue of roughly $245,000

SECTION 2: COMMUNITIES RECOMMENDED FOR CONSIDERATION

A number of factors were identified as the initial criteria in the analysis of potential locations for either full or partial prison relocation. A full report of the analysis, methodology, data sources and anticipated impact on the recommended communities is included as Appendix E. The factors evaluated include proximity to medical services, a labor and volunteer pool, community and professional services, major highways and roads and other infrastructure such as potable water, communications capacity, sewer, and electrical and natural gas supply. Other considerations include the impact of the location on transportation costs and the likelihood of future urban encroachment.

The initial evaluation of suitability was primarily based on whether an area:

- Has at least 30,000 people living within 30 miles;
- Is less than 30 minutes from a hospital with a full trauma center;
- Has access to potable water;
- Is less than 30 miles from a city with a reasonably-sized police or sheriff department; and
- Is less than 5 miles from a major state highway or interstate.
- Has land available with less than a 5 percent slope;
- Is not federal land;

The resulting map is attached to this report as Exhibit 1. The communities were further evaluated using a total of 45 factors outlined in Appendix E.

The alternative site analysis is not focused on specific pieces of real estate but rather focuses on communities that have sufficient available sites and the requisite attributes that provide a suitable range of options for prison relocation. All communities in Utah were initially considered as candidate sites for prison relocation. The suitability of each community was evaluated through an objective analysis of data. Communities have been identified as suitable for a complete relocation or a partial relocation.

Full Relocation Communities

Box Elder County —Box Elder County from Promontory east to the Wasatch range meets many of the cri-

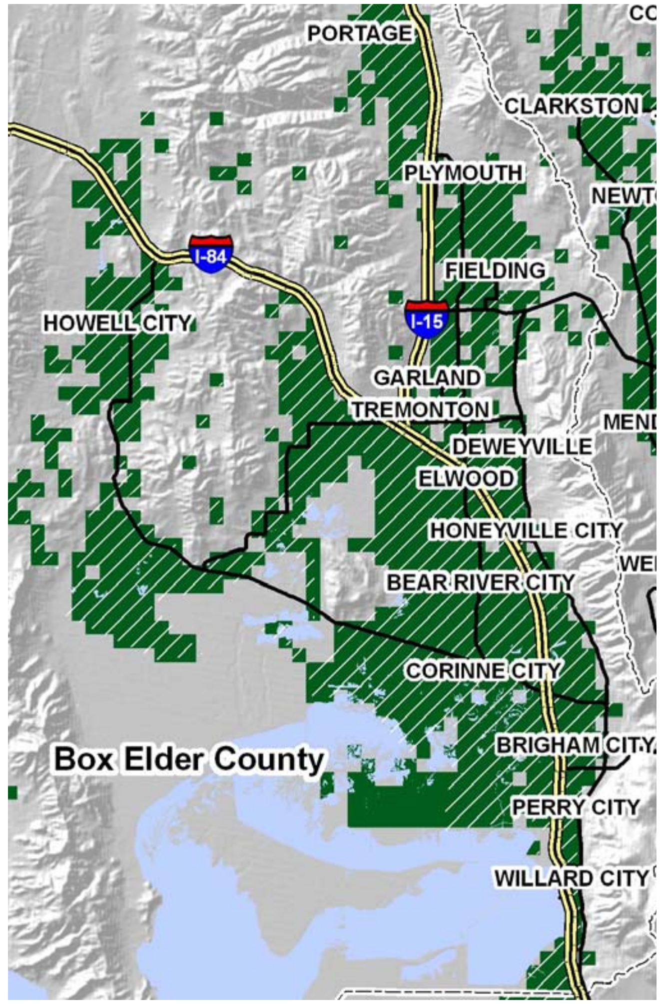


Figure 5: Box Elder County Possible Locations (Promontory Point location not shown)

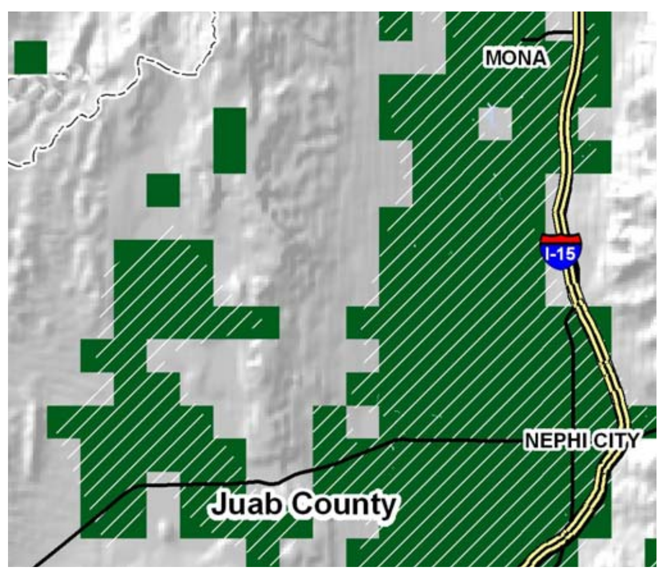


Figure 6: Juab County Possible Locations

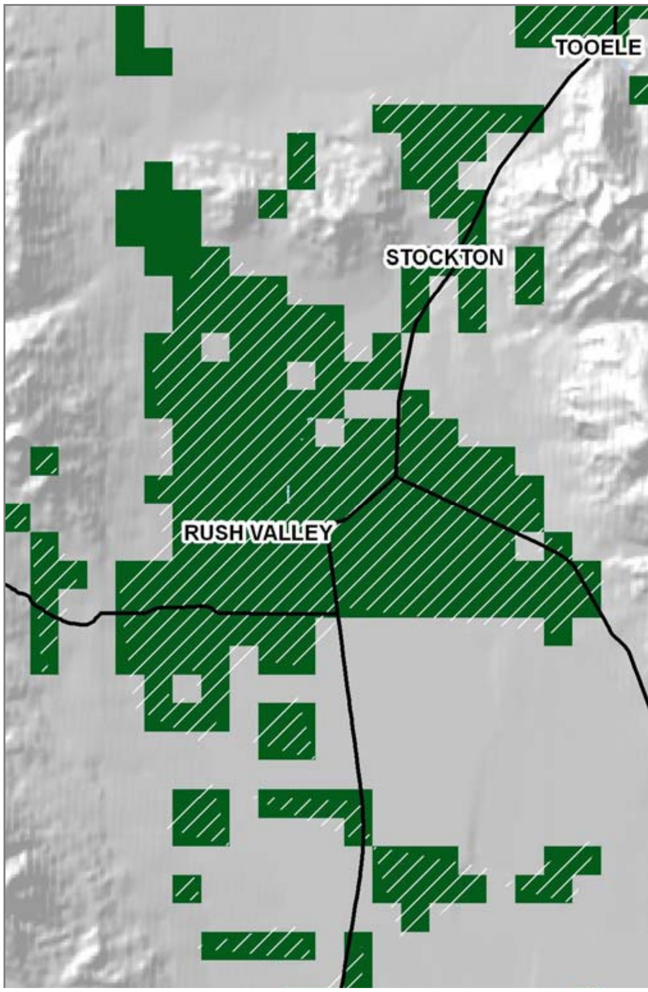


Figure 7: Tooele County Possible Locations

teria that would make the area highly suitable to both partial and full relocation. Proximity to major population centers and availability of suitable land augment the area's suitability. Relatively stagnant wages, slow economic growth and higher than average unemployment may provide some incentives to accept a relocated facility. Initial contacts with county officials were not met with a positive response, particularly related to the southeastern portion of the county.

Northeast Juab County — This area is located relatively close to the existing facilities at Gunnison and may draw from the same labor pool, but proximity to the Wasatch Front and its attendant services make

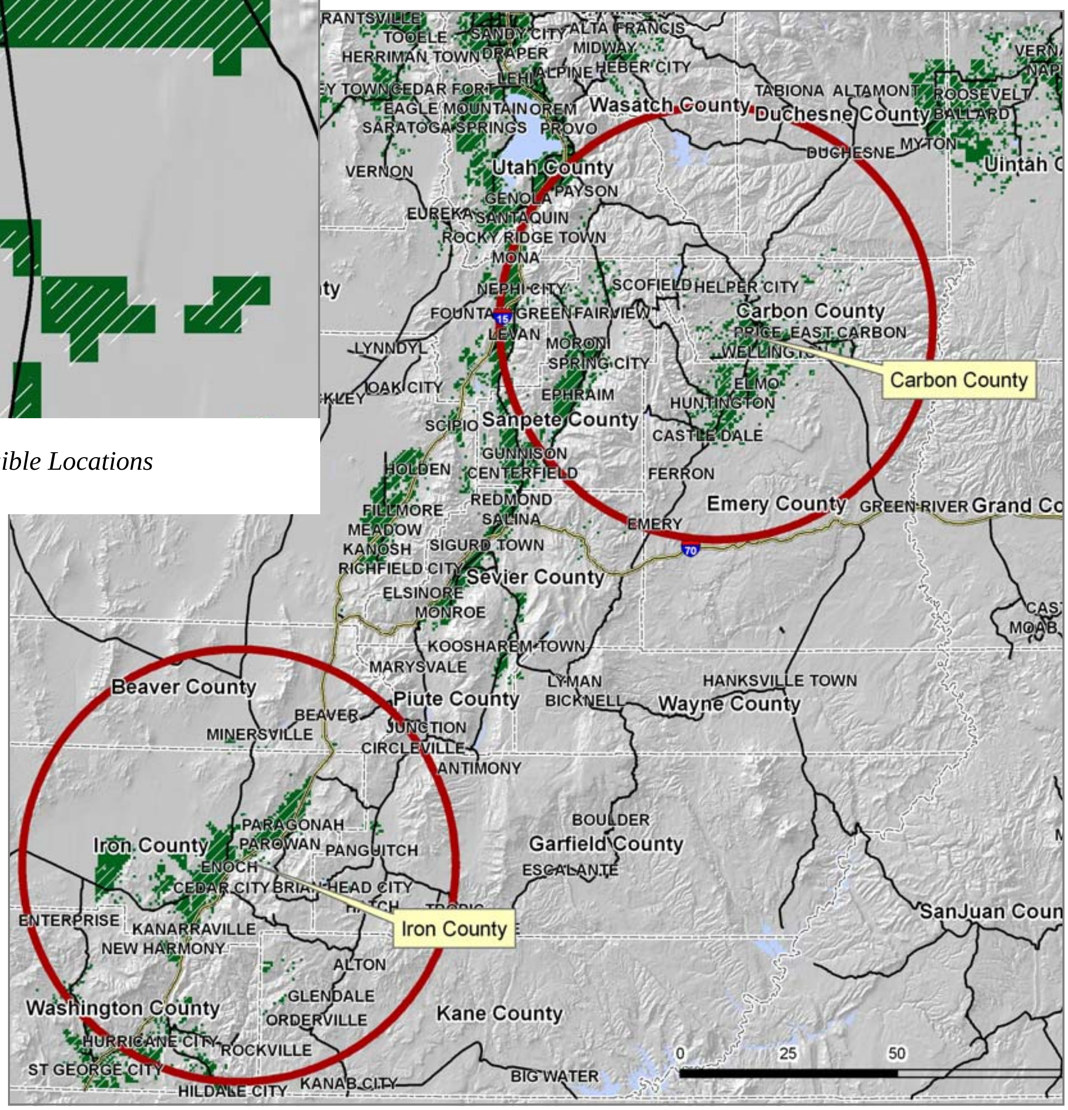


Figure 8: Partial Relocation Communities

The areas shaded in green in the maps included as Figures 5 through 8 are the portions of the counties that have been identified as suitable for further evaluation for possible prisons.

this area a highly suitable location for a full relocation. There is sufficient land that is distant from the most severe growth pressures of the Wasatch Front to remain out of the direct path of development. County officials are willing to participate in further evaluation to determine if there are suitable sites available.

Tooele County (Rush Valley) — The Rush Valley area of Tooele County is located in relatively close proximity to the existing prison location. This proximity maximizes the opportunity to retain existing employees and to continue to utilize the resources offered in Salt Lake County. This location would provide the least amount of disruption to current operations in the event of a full relocation. Representatives of County government have indicated, however, that they are highly resistant to any locations within Tooele County.

Partial Relocation Communities

Communities recommended for partial relocation are located farther a field from the urbanized center of the state because the inmates who rely on close proximity to services found in more urban areas could be maintained at the Draper prison while others could be relocated at the new facility. The locations discussed above for full relocation would also be suitable for partial relocation.

Carbon County — Carbon County meets all of the requirements for a partial relocation site; the population is adequate and there are available supporting institutions. The local workforce may not be adequate in terms of the possible draw of jobs in the mining and extractions sectors. Carbon County officials view the prison as an economic development opportunity.

Iron County (Cedar City/Enoch) — The booming growth of Washington and Iron Counties creates an environment supportive of relocation. The growing population is supporting the expansion of local hospitals and community services at a rapid pace. The Cedar City/Enoch area benefits from the proximity of institutional support. This location is the furthest from Salt Lake City. Local officials responded favorably to initial inquiries regarding a prison site.

Impacts to Communities

As with Draper, any community hosting a prison facility would receive revenues related to energy use, which, with a full relocation, would approximate the current revenues received by Draper City of about $100,000 annually. A partial relocation would produce about one third to one half that amount, assuming the community charges the full six percent energy use tax. DOC officials indicated that prisons place some demands on communities for EMT services, but these costs were not discussed by Draper officials. Literature searches did not identify any major economic development gains to communities that became hosts to prison facilities, although in rural settings with few employment opportunities and low wage rates, prison jobs offer better than average wages. Full relocation is estimated to bring between 500 and 900 new jobs to its new location; while partial relocation will bring between 200 and 360 new jobs. Prisons, do not generally purchase goods and services in local areas — particularly if rural. Most contracts are let on a statewide basis. Greater economic benefit could be created with a shift of purchasing to local economies, if at all possible.

Each of the recommended communities is of sufficient size to have in place the types of services necessary to accommodate the prison population and the families which may choose to relocate. These services include a local school district and a higher education institution within 50 miles. All recommended communities, with the exception of Iron County, have adequate mental health and substance abuse services. Additionally, each of the recommended communities has available religious and charitable organizations capable of providing religious and other volunteers to the prison.

The 2004 annual operating cost experience for Draper was used for estimating related changes that might occur with totally new facilities.

SECTION 3: TRANSITION, OPERATING AND SITE ACQUISITION COSTS

Transition Costs

Prior to moving into a new facility there are preparation and start-up costs related to training, setup and relocation of inmates. The costs for transition activities to move approximately 4,000 inmates in a full relocation scenario are summarized in Table 11. The cost estimate assumes a five-person corrections staff "move-in" team to coordinate the set up and training necessary as well as to coordinate the actual process of moving the inmates. The estimate also assumes that twelve days will be necessary for the move.

Under the Partial Relocation option, the costs for transition activities to move approximately 1,500 inmates are summarized in Table 15. The cost estimate still assumes a five-person corrections staff "move-in" team will be necessary but a five-day process of moving inmates.

Operating Cost Differences

It is well known in corrections construction that due to their complexity, 24-hour operation and staffing and special security conditions, the initial cost of building a prison is small compared to its annual operating expense over time. History has consistently shown that the cost of building a prison is only ten percent to 20 percent of the government's total combined expenditure for construction and annual operations over the first 20 to 30 years of a new facility's life. In other words, in replacing Draper the State of Utah can expect that 80 percent to 90 percent of what it spends on both building and operating a new facility for the next 20 to 30 years will be for operations.

Personnel Efficiency Gains

The staffing needed for inmate housing units is where new facility designs can have the potential to provide some operating cost savings over older facility designs. The consultants examined this potential, but found that significant staff reductions were not likely as the UDOC staffing at the Draper complex is extremely efficient as is. The FY 2004/05 housing officer staff to inmate ratio was 1:7.6 (3,576 ADP ÷ 469 housing officers). The consultant prepared two optional 3-shift staffing concept plans, each with a 7-day 24-hour relief factor of .7 as is currently used by the UDOC.

One optional plan was for direct supervision inmate management and the other was for indirect supervision and it was found that neither could afford savings over the UDOC's 2004/05 housing staff plan for Draper. For the direct supervision model applied to the "Full Replacement" option assuming a 3,920 ADP (all beds full excluding infirmary) a total of 594.2 FTE staff were needed, which yields a staff to inmate ratio of 1:6.7. For the indirect supervision model applied in the same manner a total of 635.0 FTE housing staff were needed, which yields a 1:6.2 staff to inmate ratio. *It is thus assumed that the UDOC would continue its same staffing pattern for housing officers even with a new design in order to not require a less efficient staffing pattern.*

The primary factors considered in estimating the probable change in operating costs are listed below. All ongoing costs are calculated as a 2005 cost and then a 20 year present value is determined to allow the long term operating impacts to be evaluated. These include:

- Transportation costs
- Staff relocation expenses
- Training and recruiting replacements

The Fiscal Year 2004 cost per inmate per day for the Draper site of $60.87 is the basis for comparison for estimated costs at alternative sites. Labor costs make up 64 percent of the direct operating cost share of the amount, with the remaining 36 percent coming from other costs directly associated with housing the inmates.

Transportation Costs — Currently the Draper complex generates 21,372 inmate trips a year that total 787,028 miles driven. In 2004 a total of $1.6 million was spent on inmate transportation at the Draper Complex. Table 12 presents the estimated change in transportation cost for each of the three

Full Relocation

Table 11: Transition/Activation and Move-in Cost

Function	2005 Present Value Cost Estimate
UDOC 5-Person Transition Team	$416,000
UDOC transition team expenses	$180,000
Inmate move	$96,000
UDOC chase/escort cars	$12,000
UDOC extra drivers & security escort	$9,600
State /local police escort allowance	$178,800
Total	$892,400
	Rounded $900,000

Source: Carter Goble Associates, Inc.

Table 12: Change in Transportation Costs

	Box Elder County	Juab County	Rush Valley
Increased miles/trip	29	39	14
Est. inmate trips	9,587	15,979	15,979
Change in miles driven	278,035	623,181	223,706
Cost per mile	$2.04	$2.04	$2.04
Change in Transportation Costs	$567,191	$1,271,289	$456,360
20-Year PV Cost	$8,000,000	$17,800,000	$6,400,000

Source: Carter Goble Associates, Inc.

Table 13: Estimated Relocation Allowances

	Box Elder County	Juab County	Rush Valley
# of staff relocations	153	92	85
Allowance	$3,000	$3,000	$3,000
Total Allowances	$459,000	$276,000	$255,000

Source: Carter Goble Associates, Inc

Table 14: Relocation-Related Recruitment and Training

	Box Elder County	Juab County	Rush Valley
New Employees Needed	934	779	519
Cost per Employee	$15,000	$15,000	$15,000
Recruitment/ Training	$14,010,000	$11,685,000	$7,785,000

Source: Carter Goble Associates, Inc.

Partial Relocation

Table 15:Transition/Activation and Move-in Cost

Function	2005 Present Value Cost Estimate
UDOC 5-Person Transition Team	$416,000
UDOC transition team expenses	$180,000
Inmate move	$40,000
UDOC chase/escort cars	$5,000
UDOC extra drivers & security escort	$4,000
State/ local police escort allowance	$88,600
Total	$733,600
	Rounded $700,000

Source: Estimates by Carter Goble Associates, Inc.

Table 16: Estimated Relocation Allowances

	Box Elder County	Carbon County	Iron County	Juab County	Rush Valley
Number of staff relocations	40	40	40	30	30
Allowance	$3,000	$3,000	$3,000	$3,000	$3,000
Total Allowances Paid	$120,000	$120,000	$120,000	$90,000	$90,000

Source: Carter Goble Associates, Inc.

Table 17: Relocation-Related Recruitment/Training

	Box Elder County	Carbon County	Iron County	Juab County	Rush Valley
New Employees Needed	360	360	360	300	200
Cost per Employee	$15,000	$15,000	$15,000	$15,000	$15,000
Recruitment/ Training Cost	$5,400,000	$5,400,000	$5,400,000	$4,500,000	$3,000,000

Source: Carter Goble Associates, Inc.

full relocation recommended communities. Cost differences in transportation do not apply in the case of partial relocation. Transportation costs are not expected to change due to the classification of inmates who will be relocated.

Staff Relocation Expenses — Presently, 1,084 FTE positions exist at the Draper facility. Current employees reside along the Wasatch Front. The ability to retain existing personnel is dependent on the distance of the new facility from the employees' homes. Retention percentages were established to estimate the number of current Department of Corrections staff moving to the new facility.

The cost estimates assume that if the new location is within 25 miles of the employee's current address, and the employee chooses to remain with the Department of Corrections, the employee will be retained without any relocation expense. The remaining employees will either relocate or resign. State policy is to reimburse staff up to $3,000 for relocations of 50 miles or more.

In the event of a partial relocation the Department of Corrections estimates that approximately 400 jobs will be moved from the Draper site to the new site. Because the Carbon and Iron County locations are significantly further from existing employees, the assumption was made that no employees would choose to commute to the new locations. All employees would make the decision to relocate or resign.

The one-time additional cost of paying relocation allowances to DOC staff is estimated for each of the three full relocation plus two additional partial relocation recommended communities. (See Tables 13 and 16.)

Recruiting and Training Costs — Each of the employees choosing not to relocate will be replaced from the labor pool in the new location. The Department of Corrections estimates recruitment and training costs an average of $15,000 per new employee. The one-time additional cost for recruitment and training is estimated for each of the three full relocation recommended communities. (See Tables 14 and 17.)

Site Acquisition Costs

Although specific locations within each area have not been identified, a review of current real estate sales prices provides general ranges for site acquisition costs in each area. A site size of 500 acres would provide for a 3,968 bed facility with room for expansion to 6,000 beds. A site of 250 acres is assumed adequate for a partial relocation.

Table 18: Estimated Site Acquisition Costs

	Box Elder County	Juab County	Rush Valley
Price per Acre	$6,000	$2,000	$4,000
Acreage Needed	500	500	500
Total Cost	$3,000,000	$1,000,000	$2,000,000
Water Rights	yes	yes	yes

Source: Wikstrom Economic & Planning Consultants, Inc.

Table 19: Estimated Site Acquisition Costs – Partial Relocation

	Box Elder County	Carbon County	Iron County	Juab County	Rush Valley
Price per Acre	$5,800	$1,500	$1,000	$1,250	$4,000
Acreage Needed	250	250	250	250	250
Total Cost	$1,450,000	$375,000	$250,000	$312,500	$1,000,000
Water Rights	yes	yes	no	yes	yes

Source: Wikstrom Economic & Planning Consultants, Inc.

SECTION 4: OTHER ISSUES, FINDINGS AND CONCLUSIONS

Timing

While all costs and revenues have been expressed in 2005 dollars, it is important to understand relocation of a major prison facility is a substantial undertaking that will take a number of years. The administrative and legislative analysis, planning and approval processes would likely take between one and two years to complete. Site selection, planning and design would take an additional 18 to 24 months. Construction of the new facility is estimated to take 18 to 30 months and demolition of the existing prison will take between six months and one year.

Therefore, a fully developable site will not be available for between five and seven years.

The appraisal stated that the absorption period for the land is between three and seven years and of course, there are portions of the site that could be offered for sale prior to the abandonment and demolition of all or a portion of the prison facilities. There is vacant land north of Bangerter Highway that could be sold today with little impact from decisions made regarding the prison. In addition, there is also vacant land that is located to the south of Bangerter Highway that is included in the "Partial Relocation" option that could also be sold in the earlier years as planning is underway for the relocation of all or part of the prison functions. This property would be more easily sold once expectations regarding the future use of the Draper facility were certain.

Disposition Strategies/Enhancing Value

One of the most important aspects of establishing the value of any asset is guiding the public expectation of its future use. Property that has been "out of circulation" because it has been in long-term institutional use or tied up in complicated legal proceedings generally has little public expectation of having any value or future beneficial use. Establishing the expectation about the prospects for the land through announcements of plans, administrative action, formal plans for relocating the prison, requests for rezoning or entitlement, etc. can create a more solid underpinning of value for the property. This is as true for publicly-held land as it is in the private sector.

The State of Utah is in a unique position as a land owner. If this property fits in the State's overall economic development initiatives, the State can back the property's development with the strength of the economic development staff. To the extent that transportation improvements could enhance the attractiveness of the site in drawing jobs to the state and to this site, the State is in a position to implement them. The partnership that could be formed with the City of Draper and a consortium of local developers could be strong in serving as a catalyst in promoting this area as a high technology employment center.

Outstanding Debt

In 2003 UDOC entered into an agreement with Johnson Controls, Inc., to build and finance an $11.5 million energy and building systems project that could take advantage of the unique geothermal aquifer located on the Draper site. (This is often referred to as the "ESCO Debt.") The deal was structured so the project costs would be repaid over a 16-year period through energy cost savings realized from the project's innovative design that would produce at least $190,000 annually in natural gas savings. This amount is guaranteed by Johnson Controls in the agreement. The repayment is structured with monthly payments between September 2003 and July 2004 and annual payments in July thereafter through 2022.

This study assumes that a relocation would not occur until 2012; payments on the debt that occur prior to July 2012 are normal operating costs of the Draper site. Payment of the then outstanding balance was a present value (in 2005 dollars) of $7.5 million. This is an additional cost of a full relocation that would be incurred. Under a partial relocation, the energy system would remain in place and the value of the contract realized by UDOC.

Additional Facilities Located on Draper Site

The Utah Division of Surplus Property maintains a warehouse on the northern edge of the prison property. This analysis has not provided for the replacement of this facility.

In addition, Juvenile Justice Services has a facility on the eastern perimeter of the property. Replacement of this facility was also not taken into account in this analysis.

Public Input

The Division of Facilities Construction and Management has maintained a website that has solicited public comment since the initial draft scope of services was made available for public review in April 2005. This section summarizes comments received through September 30, 2005.

A public open house will be held in November 30, 2005. Comments will be taken at the open house as well as through the Utah State web site through the December 7, 2005. Information about the open house and copies of this report are available for download at the website http://www.utah.gov.

Numbers in parentheses in the summary indicate the number of responses indicating the prior position or statement. One respondent could make a number of points that would be reflected in various parts of the summary.

Public comment concerning the proposed prison relocation is closely split between people who favor the move (20) and those who don't (24). Those with neutral views on the ultimate location were more concerned that specific factors be taken into account during the course of the study (6).

The most common reason cited favoring prison relocation is economic benefit to Draper and its surrounding communities (8). Comments include such things as the prison is an eyesore (4), an embarrassment to the community (2) and poses a risk to the safety of the community if there is an escape (4). The prison land is too valuable for its current use (4), so some offer alternative uses such as parks (2) and housing. Benefits of relocation include reduction in congestion along the Wasatch Front (1), an opportunity for jobs and economic development in smaller counties (4), better living conditions for prison employees who would want to live in smaller communities (2) .

Negative responses most frequently noted that it would be too high of a cost for taxpayers (12) and would only benefit developers of the area (7). Other concerns are displacement of current staff (7), impacts to families of prisoners (6), programs and treatments prisoners would be unable to receive such as hospital (4), educational and rehabilitation programs (2), volunteers for religious programs (1), disruption for potentially mentally fragile prisoners (1) and the loss of special programs in general (2). The increased costs of transportation to hospitals and courts are also mentioned (2). Some respondents fear that with a change of land use will come disruption to current community development patterns (1), increased traffic (3), new unwanted retail in the area (3), and loss of open space (3).

Advantages of the current location include access to experienced staff (2), plenty of land for future expansion (1) and its proximity to the general population that serves as a reminder of the consequences for misbehavior (2).

People asked that special attention be paid to transportation planning for the area (2), infrastructure that supports alternative energy sources (1), costs of zoning changes (1), how other states have handled this situation (1), that attention is paid towards the benefits of privatization of the prison (2), that it is proved the costs of needed renovation of the existing facilities are too high (2) and that current employees could be shuttled to the new site (2).

Suggested alternative locations include the Goshute Lands (2), Tooele County (3), a remote location in general (1) and anywhere but Tooele County (3).

Comments on this study can be submitted by email to PrisonStudyComments@utah.gov

FEASIBILITY CONCLUSIONS

The feasibility equation is based on expected revenue from the sale of the prison property and other benefits derived from the relocation less the cost of relocating the prison functions. This study has addressed numerous issues that will arise in the course of a prison relocation. Of course, this has been a first look at what will be a very complicated process.

In the event of a full relocation, the highest anticipated value of the prison property is $93 million. With the value of water shares and an estimated 20-year net present value of the net fiscal impact to Draper City **at build-out,** total benefits/revenues just top $108 million**.** Relocation of the prison functions is expected to cost between $445 million and $462 million. Relocation costs include construction, demolition, one-time and ongoing operating expenses, site acquisition costs and repayment of the ESCO debt. If the State of Utah chooses to implement the full relocation option, the **net cost** to the State would be between $352 million and $395 million (rounded). Tables 20 a and 20b summarize this data.

Another option is to move a portion of the prison population to another location, reconfigure the prison services left at the Draper location and market the remaining acreage for development.

Partial relocation of the prison functions is expected to cost between $135 million and $137 million. Relocation costs include construction, demolition, one-time and ongoing operating expenses and site acquisition costs.

Tables 21a and 21b summarize the feasibility analysis of a partial relocation for each of the recommended communities. If the State of Utah chooses to implement the partial relocation option, the net cost to the State would be between $86 million and $103 million.

The relocation of the Utah State Prison Draper Facilities does not appear to be economically feasible.

Alternative Approach to Planning for Prison and Excess Land

While the value of the prison property does not support full or partial relocation of the Draper prison functions, DOC is not projected to use the entire 670 state-owned acres, leaving approximately 300 to 350 acres available for other uses. This land provides opportunities for state use beyond those explored in this study. Therefore, the consultants suggest a strategic planning process that:

- Identifies the amount of land DOC will require for future prison expansion at the Draper location;
- Identifies the facilities that will need replacement or substantial renovation that could alter the footprint of the prison and potentially free frontage properties in the future for alternative uses;
- Addresses the long-term needs of Juvenile Justice Services, Surplus Property and State Forestry/Fire;
- Evaluates state needs for the land such as potential state office campus, technology research park or other potential uses; and
- Generates site plan for future use that incorporates infrastructure requirements, coordinated phasing with DOC needs, coordination with local government and other state agencies.

The remaining property is a valuable asset of the state that should not be left idle or simply sold as surplus property. Prior planning for state facilities has identified needs for office and other uses. This land is strategically located to serve many functions of state government. It could also be supportive of long-term economic development initiatives.

Table 20a: Feasibility Summary – Full Relocation Under Highest and Best Use

	Box Elder County		Juab County		Rush Valley	
	Market	**Investment**	**Market**	**Investment**	**Market**	**Investment**
Appraised Value	$72,000,000	$93,000,000	$72,000,000	$93,000,000	$72,000,000	$93,000,000
Plus Value of Water Shares	$1,800,000	$1,800,000	$1,800,000	$1,800,000	$1,800,000	$1,800,000
Plus Benefit to Draper	$13,600,000	$13,600,000	$13,600,000	$13,600,000	$13,600,000	$13,600,000
Subtotal	$87,400,000	$108,400,000	$87,400,000	$108,400,000	$87,400,000	$108,400,000
Costs						
Construction	$421,800,000	$421,800,000	$421,800,000	$421,800,000	$421,800,000	$421,800,000
Demolition	$6,600,000	$6,600,000	$6,600,000	$6,600,000	$6,600,000	$6,600,000
Transition	$900,000	$900,000	$900,000	$900,000	$900,000	$900,000
Operating						
Transportation	$8,000,000	$8,000,000	$18,000,000	$18,000,000	$6,000,000	$6,000,000
Staff Relocation	$460,000	$460,000	$280,000	$280,000	$260,000	$260,000
Recruitment/Training	$14,000,000	$14,000,000	$11,700,000	$11,700,000	$7,800,000	$7,800,000
Site Acquisition	$3,000,000	$3,000,000	$1,000,000	$1,000,000	$2,000,000	$2,000,000
Repayment of ESCO Debt	$7,500,000	$7,500,000	$7,500,000	$7,500,000	$7,500,000	$7,500,000
Cost Subtotal	$462,260,000	$462,260,000	$467,780,000	$467,780,000	$452,860,000	$452,860,000
Net (Cost) Gain to State	($374,860,000)	($353,860,000)	($380,380,000)	($359,380,000)	($365,460,000)	($344,460,000)

Note: Moderate cost estimates from the ranges provided in Appendix E were used to minimize the number of iterations of this summary. The costs could vary from $5 million less to $54 million more than the "moderate" estimate.

Table 20b: Feasibility Summary – Full Relocation Under Mixed-Use Scenario

	Box Elder County		Juab County		Rush Valley	
	Market	**Investment**	**Market**	**Investment**	**Market**	**Investment**
Appraised Value	$51,000,000	$77,000,000	$51,000,000	$77,000,000	$51,000,000	$77,000,000
Plus Value of Water Shares	$1,800,000	$1,800,000	$1,800,000	$1,800,000	$1,800,000	$1,800,000
Plus Benefit to Draper	$13,600,000	$13,600,000	$13,600,000	$13,600,000	$13,600,000	$13,600,000
Subtotal	$66,400,000	$92,400,000	$66,400,000	$92,400,000	$66,400,000	$92,400,000
Costs						
Construction	$421,800,000	$421,800,000	$421,800,000	$421,800,000	$421,800,000	$421,800,000
Demolition	$6,600,000	$6,600,000	$6,600,000	$6,600,000	$6,600,000	$6,600,000
Transition	$900,000	$900,000	$900,000	$900,000	$900,000	$900,000
Operating						
Transportation	$8,000,000	$8,000,000	$18,000,000	$18,000,000	$6,000,000	$6,000,000
Staff Relocation	$460,000	$460,000	$280,000	$280,000	$260,000	$260,000
Recruitment/Training	$14,000,000	$14,000,000	$11,700,000	$11,700,000	$7,800,000	$7,800,000
Site Acquisition	$3,000,000	$3,000,000	$1,000,000	$1,000,000	$2,000,000	$2,000,000
Repayment of ESCO Debt	$7,500,000	$7,500,000	$7,500,000	$7,500,000	$7,500,000	$7,500,000
Cost Subtotal	$462,260,000	$462,260,000	$467,780,000	$467,780,000	$452,860,000	$452,860,000
Net (Cost) Gain to State	($395,860,000)	($369,860,000)	($401,380,000)	($375,380,000)	($386,460,000)	($360,460,000)

Note: Moderate cost estimates from the ranges provided in Appendix E were used to minimize the number of iterations of this summary. The costs could vary from $5 million less to $54 million more than the "moderate" estimate.

Table 21a: Feasibility Summary – Partial Relocation/Mixed-Use Scenario (Investment Value)

	Box Elder County	Juab County	Rush Valley	Carbon County	Iron County
Appraised Value	$49,000,000	$49,000,000	$49,000,000	$49,000,000	$49,000,000
Plus Benefit to Draper **(20 year NPV)**	$3,500,000	$3,500,000	$3,500,000	$3,500,000	$3,500,000
Subtotal	$52,500,000	$52,500,000	$52,500,000	$52,500,000	$52,500,000
Costs					
Construction	$128,000,000	$128,000,000	$128,000,000	$128,000,000	$128,000,000
Demolition	$1,700,000	$1,700,000	$1,700,000	$1,700,000	$1,700,000
Transition	$730,000	$730,000	$730,000	$730,000	$730,000
Operating					
Staff Relocation	$120,000	$90,000	$90,000	$120,000	$120,000
Recruitment/Training	$5,400,000	$4,500,000	$3,000,000	$5,400,000	$5,400,000
Site Acquisition	$1,450,000	$310,000	$1,000,000	$375,000	$250,000
Cost Subtotal	$137,400,000	$135,330,000	$134,520,000	$136,325,000	$136,200,000
Net (Cost) Gain to State	($84,900,000)	($82,830,000)	($82,020,000)	($83,825,000)	($83,700,000)

Table 21b: Feasibility Summary – Partial Relocation/Mixed-Use Scenario (Market Value)

	Box Elder County	Juab County	Rush Valley	Carbon County	Iron County
Appraised Value	$34,000,000	$34,000,000	$34,000,000	$34,000,000	$34,000,000
Plus Benefit to Draper **(20 year NPV)**	$3,500,000	$3,500,000	$3,500,000	$3,500,000	$3,500,000
Subtotal	$37,500,000	$37,500,000	$37,500,000	$37,500,000	$37,500,000
Costs					
Construction	$128,000,000	$128,000,000	$128,000,000	$128,000,000	$128,000,000
Demolition	$1,700,000	$1,700,000	$1,700,000	$1,700,000	$1,700,000
Transition	$730,000	$730,000	$730,000	$730,000	$730,000
Operating					
Staff Relocation	$120,000	$90,000	$90,000	$120,000	$120,000
Recruitment/Training	$5,400,000	$4,500,000	$3,000,000	$5,400,000	$5,400,000
Site Acquisition	$1,450,000	$310,000	$1,000,000	$375,000	$250,000
Cost Subtotal	$137,400,000	$135,330,000	$134,520,000	$136,325,000	$136,200,000
Net (Cost) Gain to State	($99,900,000)	($97,830,000)	($97,020,000)	($98,825,000)	($98,700,000)